

RESOLUTION NO. 16-94

SOARING EAGLE COUNTY ROAD IMPROVEMENT DISTRICT
NAVAJO COUNTY, ARIZONA

RESOLUTION AUTHORIZING AND DIRECTING ISSUANCE AND SALE OF \$150,000.00 PRINCIPAL AMOUNT OF SOARING EAGLE COUNTY ROAD IMPROVEMENT DISTRICT, NAVAJO COUNTY, ARIZONA, ROAD IMPROVEMENT BONDS OF 1994, DETERMINING THE DETAILS THEREOF; DETERMINING AND PROVIDING FOR PAYMENT OF THE COST OF ISSUANCE; RATIFYING THE FORM OF NOTICE INVITING PROPOSALS FOR THE PURCHASE OF BONDS AND THE CERTIFICATION OF THE ASSESSMENT ROLL; AUTHORIZING THE BOARD TO EXECUTE THE CLOSING CERTIFICATE AND CERTIFICATE AS TO ARBITRAGE; AUTHORIZING THE CHAIRMAN TO EXECUTE THE REGISTRAR AND PAYING AGENT'S AGREEMENT; RATIFYING THE EXECUTION OF THE CONSTRUCTION CONTRACT

1. "Board" shall mean the Board of Supervisors of Navajo County, Arizona, ex officio Board of Directors of the Soaring Eagle County Road Improvement District;
2. "Chairman" shall mean the Chairman of the Board of Supervisors for Navajo County, ex officio Chairman for the Soaring Eagle County Road Improvement District.
3. "Clerk" shall mean Sharon Keene-Wright, the Clerk of Board of Supervisors of Navajo County, Arizona, ex officio Clerk of the Board of Directors of the Soaring Eagle County Road Improvement District;
4. "District" or "Improvement District" shall mean the Soaring Eagle County Road Improvement District authorized to grade, fill and pave roads within the District pursuant to Title 48, Chapter 6, Article 1 of the Arizona Revised Statutes;
5. "District Engineer" shall mean the Navajo County Engineer;
6. "Notice" shall mean the Notice Inviting Proposals for Purchase of Bonds;
7. "Project" shall mean the Soaring Eagle County Road Improvement District Road Improvement of 1994;
8. "The Bond" or "The Bonds" shall mean the Soaring Eagle County Road Improvement District Road Improvement Bonds of 1994;
9. "Treasurer" shall mean the Navajo County Treasurer;

WHEREAS, on July 12, 1993, the Board passed and adopted Resolution No. 55-93 which declared its intention to improve the property within the Improvement District through the construction and installation of road improvements and paving, determined that Improvement Bonds be issued to represent the costs and expenses thereof and that the costs and expenses thereof be assessed upon the Improvement District, and provided that the proposed work or improvement be performed under the provisions of Title 48 Chapter 6, Article 1, Arizona Revised Statutes; the said work or improvement, the Improvement District to be assessed, and the Improvement

Bonds to be issued are more fully described in Resolution No. 55-93 to which reference is hereby made for such descriptions; and

WHEREAS, Resolution No. 55-93 was published as prescribed by law; and

WHEREAS, the District caused to be posted along the line of said proposed work or improvement at not more than three hundred (300) feet apart, notices of the passage of Resolution No. 55-93 and further caused said notice to be mailed to all property owners within said Improvement District; and

WHEREAS, no protests against the proposed work or improvement or objections to the extent of the District described in Resolution No. 55-93 were found to be sufficient; and

WHEREAS, on August 16, 1993, the Board passed and adopted Resolution No. 67-93 which ordered that the proposed work or improvement be done as described in Resolution No. 55-93 and in accordance with the plans and specifications heretofore approved and adopted by the Board; and

WHEREAS, the Board prepared and executed a notice of the passage of Resolution No. 67-93 and a notice inviting proposals for the construction of the work or improvement and caused said notices to be posted and published as prescribed by law; and

WHEREAS, the Board has heretofore received bids for construction of the improvements described in Resolution No. 55-93 and as shown on the plans and specifications known as the Soaring Eagle County Road Improvement District Road Improvement of 1994; and

WHEREAS, on January 18, 1994, the Board passed and adopted Resolution No. 8-94 which tentatively awarded the contract for the construction of the Project to Hatch Construction and Paving, Inc., ("Contractor"); and

WHEREAS, the total amount bid by the Contractor was \$161,501.25; the total amount of incidental expenses, as shown in the Engineer's official estimate, was \$150,000.00; and

WHEREAS, the District has heretofore levied and recorded an assessment for the District and the Board has delivered the Assessment to the Treasurer to collect the several assessments; and

WHEREAS, the Assessment was returned by the Treasurer as prescribed by law; and

WHEREAS, the certified list of unpaid assessments for the District has been filed with the Clerk; and

WHEREAS, at any time after the recording of the return of the Assessment and after awarding the contract, the Board may, by resolution, direct that Improvement Bonds be issued in an amount which shall not exceed the total amount of all unpaid assessments greater in amount than \$25.00 as shown on the certified list of unpaid assessments; and

WHEREAS, on February 7, 1994, the District and the Contractor entered into a contract whereby the Contractor agreed to construct the Project in accordance with the plans and specifications and its proposal; and

WHEREAS, the Board has caused to be executed and circulated a Notice Inviting Proposals for Purchase of Bonds; and

WHEREAS, the District has this date received bids for the purchase of the Bonds; and

WHEREAS, the best bid received, a copy of which is attached hereto, was the bid of PRACOCK, HILSON, STALEX, GIVEN INC. offering to pay the par value for the Improvement Bonds, plus a premium of \$ 0 less a discount of \$ 3,000 plus interest on the Bonds from March 1, 1994 to the date the bonds are picked up and payment is made therefore and, upon such payment to the District, to accept the Bonds bearing interest at the rate set forth in the offer from the date of the Bonds to each Bond's respective maturity date; and

WHEREAS, by this Resolution the Board desires to (i) authorize the issuance of \$150,000.00 in principal amount of bonds payable from unpaid special assessments levied upon the lots, pieces and parcels of land included within the boundaries of the District benefiting from the Project; (ii) ratify all acts of the Board taken with respect to execution and circulation of the Notice and the receipt of such proposals; (iii) prescribe the form of such Bonds; (iv) ratify the certification of the assessment roll by the Superintendent of Streets and (v) ratify and confirm all prior acts of the Board, the District Engineer, the Superintendent of Streets, and the Treasurer, with respect to the Improvement District; and

WHEREAS, at all times pertinent hereto, the District has been in full compliance with Arizona Revised Statutes Section 38-431 et seq. pertaining to the conduct of its meetings and the provision of lawful notice therefore; and

WHEREAS, all things required to be done preliminary to the authorization and issuance of the Bonds have been duly done and performed in the manner required by law, and the Board is now empowered to proceed with the issuance and sale of the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SOARING EAGLE COUNTY ROAD IMPROVEMENT DISTRICT, NAVAJO COUNTY, ARIZONA THAT:

Section 1. It is hereby determined that the amount of assessments with respect to the District remaining unpaid is \$149,333.28.

Section 2. The Notice, as published in the Official Statement relating to the Bonds, is hereby incorporated into this Resolution and made a part hereof, as if fully set forth herein.

Section 3. For the purpose of paying the cost of the construction of the improvements and incidental costs, more particularly described in Resolution No. 55-93 adopted on July 12, 1993, there is hereby authorized the issuance and sale of \$150,000.00 in principal amount of Bonds of the

District to be designated "Soaring Eagle County Road Improvement District, Navajo County, Arizona, Road Improvement Bonds of 1994" (the "Bonds"). The Bonds shall be dated March 1, 1994, shall be numbered, by maturity, from 1 consecutively upwards, shall be fully registered Bonds without coupons, shall be in the denomination of \$5,000 or any integral multiple thereof except that bonds of the first maturity may be issued in a lesser denomination if the first maturity is not evenly divisible by \$5,000. The Bonds shall bear interest at the rate specified in the accepted offer for all maturities, from the most recent January 1 or July 1 to which interest has been paid or duly provided for, or, if no interest has been paid or duly provided for, from their date, which interest shall be payable on July 1, 1994, and semiannually thereafter on January 1 and July 1 of each year during the term of each of the Bonds. The principal of the Bonds shall be payable on January 1 of the year in which they mature upon presentation and surrender thereof at the principal corporate trust office of Peacock, Hislop, Staley and Given, Inc., as Bond Registrar and Paying Agent. Interest on the Bonds shall be payable by check or draft mailed to the registered owner thereof, as shown on the registration books for this issue maintained by the Bond Registrar and Paying Agent at the address appearing therein at the close of business on the 15th day of the calendar month next preceding that interest payment date (the "regular record date"). Any interest which is not timely paid or for which provision has not been duly made shall be payable to the registered owner thereof (or of one or more predecessor Bonds) at the close of business on a special record date for the payment of that overdue interest. The special record date shall be fixed by the Bond Registrar and Paying Agent whenever monies become available for payment of the overdue interest, and notice of the special record date shall be given to registered owners of the Bonds not less than ten days prior thereto. The principal of and interest on the Bonds shall be payable in lawful money of the United States of America, the Bonds to mature on the dates and in the amounts as follows:

<u>Maturity Date</u>	<u>Amount</u>
January 1, 1995	10,000
January 1, 1996	10,000
January 1, 1997	10,000
January 1, 1998	15,000
January 1, 1999	15,000
January 1, 2000	15,000
January 1, 2001	15,000
January 1, 2002	20,000
January 1, 2003	20,000
January 1, 2004	20,000

Bank One, Arizona, NA is hereby appointed as Bond Registrar and Paying Agent and the Chairman of the Board is hereby authorized and directed to enter into a contract with said bank covering such services. The Bond Registrar will maintain the books of the District for the registration of ownership of each Bond. A Bond may be transferred on the registration books upon delivery of the Bond to the Bond Registrar, accompanied by a written instrument of transfer in form and with guaranty of signature satisfactory to the Bond Registrar, duly executed by the registered owner of the Bond to be transferred or his or her attorney-in-fact or legal representative and containing written instructions as to the details of the transfer of such

Bond. No transfer of any Bond shall be effective until entered on the registration books.

In all cases upon the transfer of a Bond, the Bond Registrar will enter the transfer of ownership in the registration books and will authenticate and deliver in the name of the transferee or transferees a new fully registered Bond (or Bonds) of authorized denominations (except that no Bond shall be issued which relates to more than a single principal maturity) for the aggregate principal amount which the registered owner is entitled to receive at the earliest practicable time in accordance with the provisions of this Section. The District or the Bond Registrar will charge the registered owner of such Bond, for every such transfer of a Bond, an amount sufficient to reimburse them for any transfer fee, tax or governmental charge required to be paid with respect to such transfer, and may require that such transfer fee, tax or governmental charge be paid before any such new Bond shall be delivered.

The District and the Bond Registrar will not be required (i) to issue or transfer any Bonds during a period beginning with the opening of business on the 15th business day next preceding either any interest payment date or any date of selection of Bonds to be redeemed and ending with the close of business on the interest payment date or day on which the applicable notice of redemption is given; or (ii) to transfer any Bonds which have been selected or called for redemption.

Section 4. All Bonds are subject to redemption prior to their respective maturities. The Bonds are subject to redemption prior to maturity, in whole or in part, on January 1, 1997, or any interest payment date thereafter, by the payment of the principal amount of each Bond called for redemption, plus interest accrued to the date fixed for redemption, plus a premium equal to a percentage of the principal amount of the Bonds to be redeemed, as set forth below, payable from any source lawfully available therefor.

<u>REDEMPTION DATES</u>	<u>PREMIUM</u>
January 1, 1997 through and including July 1, 1999	3.00%
January 1, 2000 and July 1, 2000	2.00%
January 1, 2001 and July 1, 2001	1.00%
and thereafter without premium	

The first Bond to be redeemed shall be chosen by lot out of the Bonds of the maturity midway to the end of the term of the Bonds from the date of redemption. Successive Bonds shall be chosen by lot from the maturity on either side thereof commencing with the later adjacent maturity, so that Bonds called for redemption shall be a pro rata part of each maturity for which the current levy of the annual assessment installment has been posted to the records of the District or where annual assessment installments are collected as part of the property tax bill, posted to the tax bills. The Treasurer shall notify the Bond Registrar at least forty-five (45) days prior to a bond redemption date of the availability of funds to call any Bonds for redemption prior to maturity. Not more than thirty (30) nor less than fifteen (15) days before any redemption date, the Bond Registrar shall cause a notice of any such redemption to be mailed by registered or certified mail to the registered owner of each Bond to be redeemed at the

address shown on the registration books maintained by the Bond Registrar. Failure to mail notice to any registered owner of Bonds shall not affect the validity of the proceedings for the redemption of bonds with respect to the registered owners of other Bonds. Any property owner who pays off his or her assessment prior to the end of the term of the bonds shall pay such amounts as set forth in Section 8 hereof.

Section 5. The Bonds shall be executed on behalf of the District by the facsimile signature of the Chairman of the District and attested by the facsimile signature of the Clerk of the Board. The Bonds shall not be valid unless and until authenticated by the Bond Registrar. In case any officer who shall have signed or authenticated any Bond (whether manually or by facsimile) shall cease to be such officer prior to delivery of the Bonds, the Bonds may nonetheless be delivered as though the person or persons who signed such Bond had remained in office.

Section 6. The Bonds shall be in substantially the form, as set forth in Exhibit "A" attached hereto, with such necessary or appropriate variations, omissions and insertions as may be consistent with the terms of this Resolution or the Notice and approved by the Board.

Section 7. Until the definitive Bonds are prepared, the Chairman and the Clerk of the District may execute, attest and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, except as to the denominations thereof, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The installments of interest payable on such temporary Bonds shall be payable in the same manner as the interest on the definitive Bonds. The Bond Registrar and Paying Agent, upon the surrender of such temporary Bonds for exchange, and upon cancellation of such surrendered temporary Bonds, without charge to the registered owner thereof, shall deliver in exchange therefor, definitive Bonds, of the same aggregate principal amount and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds issued pursuant to this Resolution.

Section 8. For the purposes of providing for the payment of the principal of and interest on the Bonds, as and when the same shall become due and payable, the Governing Body of the District shall cause to be levied and collected the semi-annual assessment installments to be paid by the owners of properties within the Improvement District, all as shown on the recorded Assessment. All assessments shall be collectable in the manner and by the officers provided by the law for the collection and enforcement of general taxes levied by the District in accordance with Arizona Revised Statutes Section 48-946, as amended. All proceeds of such assessments shall be placed in a special fund to be created by the Treasurer to be known as the "Soaring Eagle County Road Improvement District Special Bond Fund" hereby established pursuant to Section 48-933 Arizona Revised Statutes, as amended, and shall be applied to the payment of the principal of, premium, if any, and interest on the Bonds, by payment to the Bond Registrar pursuant to the Bond Registrar and Paying Agent Agreement, the terms of which are incorporated herein by reference, as and when the same shall become due and payable. In addition, subject to the conditions set forth in the Notice,

property owners subject to assessment may, at any time prior to the expiration of the term of this bond issue, pay off the assessments on any parcel of property, along with all applicable interest amounts as set forth in the Notice, plus a prepayment premium equal to five percent (5%) of the principal balance of the assessment which is paid in full. The proceeds of such payoffs shall be accounted for separately and shall, as provided in this Resolution, be transferred semiannually to the Bond Registrar and used to call Bonds for redemption prior to their maturity. Any payoff monies received prior to their transfer to the Bond Registrar shall be invested by the Treasurer in lawful investments as prescribed by statute for investing sinking funds of the State of Arizona or any political subdivision thereof, and the proceeds of such investments shall be applied to the redemption of Bonds prior to maturity. The Bonds shall not constitute a general obligation or indebtedness of the District or Navajo County, Arizona but shall be payable solely from the proceeds of said assessment installments or payoffs plus premiums and penalties as provided herein.

Section 9. The District covenants with the registered owners of the Bonds from time to time outstanding that, so long as any of the Bonds remain outstanding, monies on deposit in any fund or account in connection with the Bonds, whether or not such monies are derived from the proceeds from the sale of the Bonds, or from any other source, will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986 (the "Code"), and any and all regulations promulgated thereunder. Further, the District covenant that it will seek competent professional assistance to adequately assure compliance with the Code.

Section 10. Pursuant to Title 48, Chapter 6, Article 1, Section 48-935(H), Arizona Revised Statutes, as amended, a reserve fund is hereby established by the Board, such reserve fund to be funded first out of the proceeds of the sale of the Bonds, or if not sufficient in amount, out of an increase in the amount of the annual assessment installments over and above the amount required to pay principal and interest on the Bonds for the current year. The reserve fund shall be maintained in an amount equal to or greater than an amount equal to that proportion of the total annual assessment installment owing and due for a particular year times the percent, measured in dollars, of the previous years annual assessment installments which are or were not timely collected by the Treasurer, as compared to the total annual assessment installments for the year. In the first year, said percentage shall be determined by using Navajo County's general ad valorem taxes for the area encompassed by the District in lieu of the previous year's annual assessment installment. However, at no time shall the amount of funds in the reserve fund exceed ten percent (10%) of the total principal amount of Bonds issued hereunder. In addition, the Board covenants that in the event that sufficient revenues are not in the Bond Fund to pay any installment of principal or interest when due, that the Board may cause to be transferred into or paid into the Bond Fund, from any lawful source, sufficient monies to pay all principal and interest payments on the Bonds in a timely manner. The Board shall not, however, make any transfer into said fund which would cause the interest on the Bonds to no longer be tax exempt, nor excluded from gross income for federal income tax purposes.

shall become due from the monies in the Special Bond Fund; or (iii) reduce the percentage of Bondholders required to consent to any material modification or amendment of this Resolution, without the consent of all of the registered owners of such Bonds.

Section 14. If then permitted by law, the District may issue obligations for the purpose of refunding the Bonds or for any other lawful purpose payable from the assessments deposited in the Special Bond Fund created pursuant to Section 8 hereof; provided that, prior to or simultaneously with the issuance of such obligations, there shall have been irrevocably deposited with the Treasurer of the District or a bank or a trust company and pledged to the payment of the Bonds, cash in an amount sufficient, or direct obligations of, or obligations fully guaranteed by, the United States of America, the principal of and interest on which will be sufficient, to pay the principal of and interest on the Bonds as and when the same shall become due and payable. In addition, the District may at any time prematurely redeem such Bonds with monies from any lawful source, said redemption to be had and premiums to be paid in accordance with Section 4 hereof.

Section 15. All actions taken by the Board or the District Engineer with respect to the execution and circulation of the Notice and with respect to receiving and opening the bids and announcing the winning bidder are hereby ratified and confirmed, all prior acts of the Board, the Superintendent of Streets, and the District Engineer are hereby ratified and confirmed.

Section 16. The Board hereby ratifies the form of the Notice Inviting Proposals for the Sale of Bonds.

Section 17. The Board ratifies the certification of the assessment roll by the Superintendent of Streets.

Section 18. The Board hereby ratifies all proceedings taken in this matter to date.

Section 19. The Board ratifies the acts of the Chairman in signing the contract for the construction of the improvements within the District.

Section 20. The Board hereby ratifies the Preliminary Official Statement of the District with respect to the Bonds, said Preliminary Official Statement dated March 7, 1994.

Section 21. The Chairman of the Board, and the Clerk of the Board are hereby authorized to execute the Closing Certificates for the sale of the Bonds.

Section 22. The Chairman of the Board is hereby authorized to execute the Registrar and Paying Agent Agreement for the Bonds.

Section 23. The Board of the District hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986. The District certifies that it reasonably anticipates that the aggregate amount of qualified tax-exempt obligations (as defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986)

which will be issued for or by the District in calendar year 1994 will not exceed \$10,000,000.

ADOPTED this 14th day of March, 1994.

SOARING EAGLE COUNTY
ROAD IMPROVEMENT DISTRICT

By: Marlin J. Gillespie
Chairman, Soaring Eagle
County Road Improvement District
Navajo County, Arizona

ATTEST:

Sharon J. Heens-Wright
Clerk

APPROVED AS TO FORM:

[Signature]
Attorney for
Soaring Eagle County Road Improvement District
Navajo County, Arizona

AUTHDIR.RES/SOARING

NOT TO EXCEED \$205,000
SOARING EAGLE COUNTY ROAD IMPROVEMENT DISTRICT
NAVAJO COUNTY, ARIZONA
ROAD IMPROVEMENT BONDS 1994

NOTICE INVITING PROPOSALS FOR PURCHASE OF BONDS

NOTICE IS HEREBY GIVEN that sealed, unconditional proposals will be received by the Board of Supervisors of Navajo County, Arizona, acting as the Board of Directors of the Soaring Eagle County Road Improvement District (the "District"), at the office of the Clerk of the Board of Supervisors, Navajo County Governmental Complex, South Highway 77, P.O. Box 668, Holbrook, Arizona 86025, up to and including the hour of 11.30 a.m. M.S.T., (ARIZONA IS EXEMPT FROM DAYLIGHT SAVINGS TIME), on March 7, 1994, for the purchase of all of an issue of fully registered Special Assessment Improvement Bonds of the District, in the principal amount of not to exceed \$205,000 to be designated Soaring Eagle County Road Improvement District Road Improvement Bonds of 1994 (the "Bonds") (See Section labeled Reduction in Principal Amount of Bonds.) The Bonds are being issued pursuant to Title 48, Chapter 6, Article 1 and 4, Arizona Revised Statutes, for the purpose of financing the grading, filling and paving of roads in accordance with the plans and specifications previously approved by the Board of Directors (the "Board") of the District and on file with the District.

Each bid submitted must offer to purchase all of the \$205,000 principal amount of Bonds, subject to reduction as set forth herein, at not less than ninety-eight percent (98%) of the par value thereof plus accrued interest to the date of delivery. Bidders may (but are not required to) offer a premium in addition to the purchase price. In the event two or more proposals contain the same rate of interest or net effective rate of interest, the Board shall draw lots to determine the bidder whose offer shall be accepted.

The Bonds shall be awarded to the bidder whose bid results in the lowest net effective rate to the District.

THE BONDS: The Bonds herein offered for sale will be dated March 1, 1994. The Bonds will be in the denomination of \$5,000.00 each or any integral multiple thereof, except for those Bonds maturing on January 1, 1995 necessary to make up any principal amount not evenly divisible by \$5,000.00. The Bonds will bear a single rate of interest on the unpaid principal balance which shall not exceed fifteen percent (15%) per annum. Only one rate of interest will be allowed. Interest on the Bonds is payable on July 1 and January 1. The first interest payment date will be the first day of July, 1994. The Bonds will be serial bonds and mature in installments approximately in accordance with the following schedule:

<u>MATURITY DATE</u>	<u>AMOUNT</u>
January 1, 1995	\$15,000
January 1, 1996	\$15,000
January 1, 1997	\$15,000
January 1, 1998	\$20,000
January 1, 1999	\$20,000
January 1, 2000	\$20,000
January 1, 2001	\$25,000
January 1, 2002	\$25,000
January 1, 2003	\$25,000
January 1, 2004	\$25,000

REDUCTION IN PRINCIPAL AMOUNT OF BONDS: The aggregate principal amount of the Bonds to be issued is subject to reduction by the District Board prior to the delivery of the Bonds in the event of payment in cash of a portion of the assessments during the cash collection period, during which time the landowners may pay their entire assessment, or a portion thereof, in cash. The cash collection period will end on or about February 28, 1994, at which time the certified list of unpaid assessments in excess of twenty-five dollars (\$25.00) will be prepared. In the event of a reduction in the aggregate principal amount of Bonds to be issued, the principal amount of the Bonds maturing in each of the years set forth above is subject to proportionate reduction to the extent possible, in inverse order of maturity, commencing with the final maturity of the Bonds in the year 2004, until the total of all maturities equals the reduced principal amount of the Bonds. The determination by the Board as to the principal amounts and maturities to be reduced shall be final.

The winning bidder shall be notified at the time of award of the Bonds of the final total principal amount and schedule of maturities. **The amount of cash collections cannot be estimated at this time.**

Should litigation arise with respect to any one or more of the assessments securing the Bonds, the District reserves the right to reduce the amount of the issue by the aggregate amount of the assessments subject to such litigation.

PAYMENTS: The District has designated Bank One, Arizona, N.A., as Registrar and Paying Agent (hereinafter referred to as the "Registrar") for the Bonds. Interest on the Bonds is payable by check drawn on the Registrar. Interest payments will be mailed to the registered owners at the addresses shown on the Registrar's books on the record date as stated below. Principal, at Bond maturity, or at time of prior redemption in the manner set forth herein, will be paid at the principal corporate trust office of the Registrar upon surrender of such Bond or Bonds to the Registrar.

RECORD DATE: The 15th day of the month preceding an interest payment date is the record date for the Bonds. Should a Bond be submitted to the Registrar for transfer during the period commencing after the close of business on the record date and continuing to and including the next subsequent interest payment date, ownership will be transferred in the

normal manner but the next interest payment will be made payable to and mailed to the registered owner as shown on the Registrar's books at the close of business on the record date.

SECURITY AND AUTHORITY: The Bonds are secured and payable solely from special assessments levied against the real property benefitted by said improvements. The Bonds are issued pursuant to the Constitution and laws of the State of Arizona, more particularly the provisions of Title 48, Chapter 6, Article 1, Arizona Revised Statutes, as amended. The Bonds shall not constitute a general obligation or indebtedness of the District, or Navajo County, Arizona, but shall be payable solely from the proceeds of said assessment installments or payoffs plus premium and penalties as provided herein.

Pursuant to A.R.S. Section 48-935, a reserve fund will be established by the Board out of the proceeds of the sale of the Bonds, or out of an increase in the amount of the annual assessment installments, over and above the amount required to pay the remaining principal and current interest on said Bonds. Said reserve fund shall be maintained in an amount equal to or greater than an amount equal to that amount of the total annual assessment installment owing and due for a particular year times the percent, measured in dollars, of the previous year's annual assessment installments which were not timely collected by the Treasurer, as compared to the total annual assessment installments for the year. In the first year said percent shall be determined by using the county general ad valorem taxes in lieu of the previous year's annual assessment installment.

The Bonds are issued under the provisions of Title 48, Chapter 6, Article 1, Arizona Revised Statutes, as amended, which requires the District to purchase the property encumbered by unpaid assessments in the event there are no other purchasers of the property on the foreclosure sale. In the event of such purchase, the District will assume, as purchaser, the amount of said assessment and interest accruing thereon to the extent of not to exceed twenty percent (20%) of the amount of the Bonds issued by said District.

FORM OF BID: All Bids submitted must be on the Official Bid form, copies of which may be obtained from Peacock Hislop Staley & Given, Phoenix, Arizona. All bids must comply with the terms of this Notice and be accompanied by a certified check in the amount of at least two percent (2%) of the principal amount of the Bonds drawn on a bank doing business in the State of Arizona, payable to the order of the Soaring Eagle County Road Improvement District, Navajo County, Arizona. Each bid shall be enclosed in a sealed envelope marked "Proposal for Purchasing Improvement Bonds, Soaring Eagle County Road Improvement District," and shall be addressed to the District at Soaring Eagle County Road Improvement District, Navajo County Board of Supervisors, Navajo County Governmental Complex, South Highway 77, P.O. Box 668, Holbrook, Arizona 86025. All bids shall be unconditional. No interest will be paid on the check of any bidder. The check of the successful bidder will be applied to the purchase price of the Bonds, or retained and forfeited as liquidated damages in the event such bidder does not take up and pay for the Bonds at the time of delivery. All checks of the unsuccessful bidders will be returned upon the award of the Bonds to the

successful bidder. Peacock Hislop Staley & Given, Inc., the District's financial consultant, has reserved the right to bid on the Bonds. Fees of the Financial Consultant will be paid from Bond proceeds.

INTEREST RATE: Bidders are invited to name the rate of interest which the Bonds are to bear. The maximum rate of interest shall not exceed fifteen percent (15%) per annum.

In addition to the purchase price and premium (if any bid), which must be paid in immediately available funds, the winning bidder shall pay in immediately available funds all accrued interest from March 1, 1994, to the date of delivery of the Bonds.

THE INTEREST RATE BID SHALL BE EXPRESSED IN TERMS OF 1/8 OR 1/20 OF A PERCENTAGE POINT. HOWEVER, NO FRACTIONAL CENTS WILL BE PAID (OR ACCUMULATED FOR PAYMENT) ON ANY BOND AND AN INTEREST RATE BID WHICH INDICATES PAYMENT OF FRACTIONAL CENTS WILL BE DEEMED TO BE A WAIVER OF THE RIGHT TO PAYMENT OF SUCH FRACTIONAL CENTS.

PRIOR REDEMPTION: All Bonds are subject to call for redemption prior to maturity on any interest payment date beginning January 1, 1997. Bonds redeemed prior to maturity shall be subject to a redemption premium as described hereafter which shall be paid to the registered holder thereof at the time of redemption, along with the principal amount plus any interest accrued to the date of the redemption. All Bonds to be redeemed shall be redeemed on January 1 or July 1 of any year. The Registrar shall give notice of the redemption of any Bond to the registered holder thereof by registered or certified mail not less than 30 nor more than 60 days prior to the date set for redemption. The first Bond to be redeemed shall be chosen by lot out of the Bonds of the maturity midway to the end of the term of the Bonds from the date of redemption. Successive Bonds shall be chosen for redemption by lot from each maturity either side thereof, so that Bonds called for redemption shall be a pro rata part of each maturity after the maturity for which a levy of the annual assessment installment has been posted to the assessment rolls of the District. The redemption premium shall be paid from any available source of funds lawfully available therefor, the premium on the principal amount called for redemption prior to maturity to be computed as follows:

	<u>Premium</u>
January 1, 1997 through and including July 1, 1999	3.00%
January 1, 2000 and July 1, 2000	2.00%
January 1, 2001 and July 1, 2001	1.00%
and thereafter without premium.	

Any property owner who pays off his or her assessment after the prepayment period ends shall pay to the District an amount equal to the principal balance of the assessment against his property, plus five percent (5%) of the principal balance, plus interest at the rate stated on the Bonds to the earliest date of redemption which shall occur no sooner than January 1, 1997 plus any delinquent installments of principal and interest together with costs due thereon.

In the event that surplus monies exist following the completion of construction and the payment of all costs thereof including incidental expenses, and the Board determines that said surplus funds are not needed, in whole or in part, such surplus may be applied by the Board to reduce the assessment and annual assessment installments for the subsequent year or years, and refund the reduction in cash to those who paid their assessments in cash, and credit the remainder to those assessments which went to Bond, and use the same to call Bonds at the earliest practicable date.

AWARD AND DELIVERY OF BONDS: Unless all bids are rejected, the Bonds will be awarded following the opening of all bids to the bidder whose proposal(s) results in the lowest net interest cost to the District which will be determined by computing the aggregate amount of interest payable on the Bonds from February 1, 1994, to their respective maturities less any premium bid plus any discount. Delivery of the Bonds will be made to the purchaser upon payment in immediately available funds at the offices of Bank One Arizona, N.A., or at any other place mutually agreeable to the District and the purchaser, at the purchaser's request and expense.

The District expects to deliver the Bonds against payment therefor on or about March 24, 1994. The District may, at its option, deliver a temporary typewritten Bond representing the entire issue, which temporary Bond will be exchanged for definitive printed Bonds on or about March 1, 1994.

RIGHT OF REJECTION: The Board reserves the right in its discretion to reject any and all bids received and to waive any irregularity or informality in the bids, **except that the time for receiving bids shall be of the essence.**

REGISTRATION AND COST OF BOND FORM: The District will bear the cost of the Bond forms and the printing thereof and will furnish fully executed Bonds, registered in the name of the purchaser or its designee, to the purchaser upon payment therefor. All costs and expenses of registration (and transfer taxes, if applicable) pertaining to subsequent registrations of the Bonds will be paid by the transferor.

The District will cause the temporary Bond, if any, and the printed Bonds to be prepared, executed and delivered to the Registrar without charge to the purchaser. No Bond will be valid unless manually authenticated by the Registrar.

The Bonds will be registered in such names and in such denominations as the successful bidder shall have requested in writing not less than five (5) business days prior to closing; and the remaining aggregate principal amount

of the Bonds for which no instructions have been received by such date will be issued as one Bond in the denomination for each maturity of such remaining aggregate principal amount or as Bonds in such denominations as shall be mutually agreed upon by the successful bidder and the District and registered in the name of the successful bidder.

The Bonds will be transferable only upon the bond register maintained by the Bond Registrar upon surrender of the Bonds to the Bond Registrar with an appropriate instrument of transfer.

LEGAL OPINION: The Bonds are sold subject to the approval of legality by John G. Gliege, Esq., of Flagstaff, Arizona. Said attorney has been retained by the District as Bond Counsel and in such capacity is to render his opinion upon the legality of the Bonds under Arizona law and on the exemption of the interest income on the Bonds from State of Arizona income taxes, and the exclusion of such interest income from gross income under the Internal Revenue Code of 1986, the delivery of said opinions being a condition precedent to the delivery of the Bonds and the purchase thereof by the successful bidders. Fees of Bond Counsel will be paid from Bond proceeds.

TAX EXEMPT STATUS: The opinion of Bond Counsel will state in part: Assuming compliance by the District with the United States Internal Revenue Code of 1986 as amended (the "Code"), I am further of the opinion that interest income derived from the Bonds (a) is excluded from gross income for federal income tax purposes and (b) (the Bonds are not "specified private activity bonds" and) interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, it should be noted that for taxable years beginning after December 31, 1986, certain corporations must take into account interest on the Bonds in determining adjusted net book income (adjusted current earnings for taxable years beginning after December 31, 1989) for the purpose of computing the alternative minimum tax imposed on such corporations. The opinions expressed in the preceding sentences are subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. (Such requirements include filing certain returns with the United States Internal Revenue Service and rebating to the United States certain investment earnings unless certain conditions are met). Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

Holders of the Bonds should be aware that (i) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the Bonds except with respect to certain financial institutions (within the meaning of Section 265(b)(5) of the Code) (The Bonds are qualified tax-exempt obligations within the meaning of Section 265(b)(3) of the Code, and, in the case of certain financial institutions (within the meaning of Section

265(b)(5) of the Code), a deduction is allowed for 80% of that portion of such financial institution's interest expense allocable to interest on the Bonds); (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, for taxable years beginning after December 31, 1986, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by fifteen percent (15%) of the sum of certain items, including interest on the Bonds; (iii) interest on the Bonds earned by some corporations may be subject to the environmental tax imposed by Section 59A of the Code; (iv) for taxable years beginning after December 31, 1986, interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (v) passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than twenty-five percent (25%) of the gross receipt of such Subchapter S corporation is passive investment income; and (vi) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on the Bonds.

In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of each Bond, to the extent properly allocable to each holder of such Bond, is excluded from gross income for federal income tax purposes with respect to such holder. The original issue discount is the excess of the stated redemption price at maturity of such Bond over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of such Bonds were sold.

Under section 1288 of the Code, original issue discount on tax-exempt Bonds accrues on a compound basis. The amount of original issue discount that accrues to a holder of a Bond who acquires the Bond in this offering during any accrual period generally equals (i) the issue price of such Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the holder's tax basis in such Bond. Any gain realized by a holder from a sale, exchange, payment or redemption of a Bond will be treated as gain from the sale or exchange of such Bond.

Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Bonds and the interest thereon. Should changes in the law cause Bond Counsel's opinion to change prior to delivery of the Bonds, the purchaser will not be obligated to acquire and pay for the Bonds, and the bid check will be returned.

QUALIFIED TAX EXEMPT OBLIGATIONS: The District has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. The District has certified that it reasonably anticipates that the aggregate amount of qualified tax-exempt obligations (as defined in Section 265(b)(3)(B) of the Code) which will be issued for or by the District in calendar year 1994 will not exceed \$10,000,000.

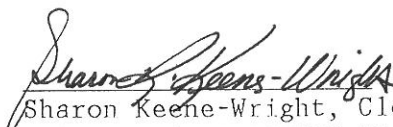
CERTIFICATES AND ADDITIONAL OPINION TO BE DELIVERED: The District will deliver a certificate showing that no litigation is pending affecting the issuance and sale of the Bonds or the assessments securing payment of the Bonds. John G. Gliege, Esq., Flagstaff, Arizona will deliver an opinion to the purchaser to the effect that, as of the date of delivery of the Bonds, no facts have come to his attention which lead him to believe that the Official Statement of the District relating to the Bonds contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The District will also deliver an Arbitrage Certificate concerning the Bonds.

PRELIMINARY OFFICIAL STATEMENT: The District has prepared the Preliminary Official Statement and deems it to be final and complete as of its date within the meaning of Securities Exchange Act Rule 15c2-12. The District will supply up to twenty (20) copies of the final version of the Official Statement to the successful bidder without cost and within seven (7) business days after the day of the acceptance of the successful bid.

ISSUE PRICE CERTIFICATE: Prior to the delivery of the Bonds, the successful bidder shall furnish to the District a certificate, in form satisfactory to Bond Counsel, containing information sufficient to enable the District to determine the "issue price" of the Bonds defined in Section 1273 or 1274 the Internal Revenue Code of 1986, as amended.

ADDITIONAL INFORMATION: Copies of the Notice Inviting Proposals for Purchase of Bonds, the Official Bid form and the Official Statement relating to the Bonds will be furnished to any prospective bidder upon request made to Peacock, Hislop, Staley & Given, Inc., Phoenix, Arizona.

DATED this 18th day of January, 1994.


Sharon Keene-Wright, Clerk
SOARING EAGLE COUNTY ROAD
IMPROVEMENT DISTRICT
Navajo County, Arizona

PROPOSAL.CID/SOARING

BOND REGISTRAR, TRANSFER AND PAYING AGENT AGREEMENT

CONTRACT FOR BONDS OF THE

SOARING EAGLE COUNTY ROAD IMPROVEMENT DISTRICT
NAVAJO COUNTY, ARIZONA

This Agreement made and entered into this 14th day of March, 1994, between the SOARING EAGLE COUNTY ROAD IMPROVEMENT DISTRICT, (hereinafter called "District") and Bank One, Arizona, N.A., (hereinafter called "Bank").

The District will issue one series of Bonds, which will be known as the Soaring Eagle County Road Improvement District Road Improvement Bonds of 1994, in the principal amount of not to exceed \$150,000.00 (hereinafter called the "Permanent Bonds" or the "Bonds"). The Board of Directors of the District has determined that the services of a Registrar, Transfer and Paying Agent are necessary in the interest of the District.

Bank desires to perform Registrar, Transfer and Paying Agent services during the life of the Bonds.

For and in consideration of the mutual promises, covenants, conditions and agreements hereinafter set forth, the parties do agree as follows:

1. Services. Bank hereby agrees to provide the following services:

A. Registrar services which shall include, but not be limited to: (1) initially authenticating and verifying the Bonds at the Bond Closing, or in accordance with the terms hereof, upon receipt of the Bond proceeds by the District; (2) providing a place for the Bond Closing if requested by the District; (3) keeping registration books in compliance with United States Internal Revenue Code of 1986, Section 149; (4) recording transfers of ownership of the Bonds promptly as such transfers occur; (5) protecting against double or overissuance; (6) authenticating new Bonds prepared for issuance to transferees; (7) informing the District of the need for additional printings of the Bonds should the forms printed prior to initial delivery prove inadequate; (8) lodging with the District the signatures of the persons authorized from time to time to authenticate the Bonds.

B. Transfer Agent services which shall include, but not be limited to: (1) receiving and verifying all Bonds tendered for transfer; (2) preparing new Bonds for delivery to transferees and delivering the same for authentication; (3) destroying Bonds submitted for transfer; (4) preparing and executing proper certificates of destruction; (5) providing proper information for recordation in the registration books.

C. Paying Agent services which shall include, but not be limited to: (1) providing a billing to the District at least thirty (30) days prior to a Bond principal and interest payment date which sets forth the amount of principal and interest due on such date; (2) preparing, executing and mailing proper interest payment checks to each of the registered owners of the Bonds one (1) business day prior to the scheduled payment date; (3) verifying all matured Bonds upon their surrender; (4) paying principal and all final interest installments at maturity or prior redemption and

redemption premiums, if any, due upon the Bonds as they are properly surrendered therefor to the Bank; (5) preparing a semiannual reconciliation showing all principal and interest paid during the period and providing copies thereof to the District and the Arizona Department of Revenue; (6) keeping inventory of all cancelled checks, or making and retaining microfilm proof of such checks, showing interest payments for six (6) years or for such longer period if advised by the District or its bond attorney or attorneys that a longer period is required by the statute of limitations; and (7) mailing notices of redemption, if applicable.

2. Record Date. The record date for the payment of interest will be the fifteenth (15th) day of the month preceding an interest payment. Normal transfer activities will continue after the record date but interest payments (at maturity or prior redemption) will be mailed to the registered owner of the respective Bond as shown on the books of the Bank on the close of business on the record date. Principal and the last interest payment (and premium, if any) shall be paid on surrender of the particular Bond at or after its maturity or prior redemption date, as applicable.

3. Issuance and Transfer of Bonds. The Bank will issue Bonds to registered owners, require Bonds to be surrendered and cancelled and new Bonds issued upon transfer, and maintain a set of registration books showing the names and addresses of the owners from time to time of the Bonds. The Bank shall promptly record in the registration books all changes in ownership of Bonds.

4. Payment Deposits. The District will transfer immediately available funds to the Bank no later than one (1) business day prior to the date on which the interest, principal and premium payments (if any) are due on the Bonds. The Bank hereby agrees that all monies held by it as Paying Agent shall be held in trust for the benefit of the holders of the Bonds.

5. Collateral Bank. Bank shall collateralize the funds on deposit at the Bank in accordance with A.R.S. Section 35-323 and 35-491.

6. Turnaround Time. Bank will comply with the 72 hour turnaround time required by Securities and Exchange Commission Rule 17(A)(d)(2) on routine transfer items.

7. Fee Schedule; Initial Fee. For its service under this Agreement, the District shall pay the Bank as set forth in the attached Appendix A, which is incorporated herein by reference.

8. Fees for Services in Subsequent Fiscal Years. After June 15th and prior to July 1st of each year, the Bank shall submit a written statement to the District setting forth the anticipated fees and expenses for the Bank's services hereunder for the next succeeding fiscal year and further stating whether the amount paid to the Bank for its services hereunder during the current fiscal year is less than the actual fees and expenses for services during such current fiscal year. The fees and expenses set forth in such statement shall be paid to the Bank by the District on or before November 15th of the same year. Any amounts owed to the Bank, but not paid during the current fiscal year, shall be paid by the District at the time of payment to the Bank for its services in the next succeeding fiscal year.

9. Facility and Services. If requested by the District, the Bank will provide a facility for examining and packaging the Bonds prior to the Bond Closing and will assist with all details of the Bond Closing, including the transfer of Bond proceeds. The Bank will cause its authorized officer to execute the authentication on the face of the Bonds at least one (1) day prior to the actual closing. With the approval of the District, and upon indemnification as the Bank shall determine, custody of the Bonds may be given to the initial purchaser at least one (1) day prior to closing.

10. Hold Harmless. Bank shall indemnify and hold harmless the District, and all boards, officials, officers and employees of the District, individually and collectively, from the Bank's failure to perform to the standard of care required of the Bank hereunder.

11. Standard of Care Required of Bank. In performing its duties hereunder, the Bank shall exercise that care which a prudent person would exercise in dealing with his or her own property and funds.

12. Entire Agreement. This Agreement and Appendix A attached hereto contain the entire understanding of the parties with respect to the subject matter hereof, and no waiver, alteration or modification of any of the provisions hereof, shall be binding unless in writing and signed by a duly authorized representative of each party hereto.

13. Amendment/Termination. The District reserves the right to terminate any service of the Bank set forth in this Agreement, or all of the services, upon providing a sixty (60) day prior written notice.

14. Receipt. By signature of its authorized officer below, Bank hereby acknowledges receipt of: (1) Resolution(s) of the Board of Directors of the District authorizing the issuance of the Bonds and the Notices Inviting Proposals for the Purchase of the Bonds and the proposals of the winning bidders therefor; (2) the District's Receipt acknowledging payment of the entire principal amount of Bonds and any interest or premiums due thereon; (3) the Bond Counsel opinion of John G. Gliege, Esq.; and (4) the debt service payment schedule.

15. Reports to Arizona Department of Revenue. The Bank shall make such reports relating to the issuance of the Bonds as the Arizona Department of Revenue ("Department") requires pursuant to A.R.S. Sections 35-501 and 35-502, or successor statutes thereto, and shall notify the Department of the retirement of any Bonds and of all payments of interest thereon for each semiannual interest or Bond retirement payment. Alternately, the Bank shall agree to provisions for the making of such reports acceptable to the Bank, the District and the Department. Copies of all reports shall be delivered to the District.

16. Form of Records. The records of the Bank shall be in such form as to be in compliance with standards issued from time to time by the Municipal Securities Rule Making Board of the United States, any other applicable securities industry standard and the requirements of the Internal Revenue Code of 1986.

17. Advice of Counsel. When the Bank deems it necessary or reasonable, it may apply to the Law Office of John G. Gliege or such other

law firm or attorney approved by the District for instructions or advice. When consented to in writing by the District, costs and expenses for such legal advice shall be paid by the District.

18. Examination of Records. The District, or its duly authorized agents may examine records relating to the Bonds at the principal office of the Bank at reasonable times as agreed upon with the Bank, and such records shall be subject to audit from time to time at the request of the District or the Bank. On request, the Bank will furnish the District with a list of the names, addresses and other information concerning the owners of the Bonds or any of them.

19. Payment of Unclaimed Amounts. In the event any check representing payment of interest on the Bonds is returned to the Bank without endorsement or is not submitted to the Bank for payment, or any Bond is not presented for payment of principal or the final interest installment at the maturity or redemption date, if funds sufficient to pay such interest or principal due upon the Bonds shall have been made available to the Bank for the benefit of the owners thereof, it shall be the duty of the Bank to hold such funds, without liability for interest thereon, for the benefit of the owners of such Bonds who shall thereafter be restricted exclusively to such funds for any claim of whatever nature relating to the amounts due. The Bank's obligation to hold such funds shall continue for a period of at least two (2) years and six (6) months following the date on which such interest or principal became due, whether at maturity, or at the date fixed for redemption thereof, or otherwise, at which time Bank shall surrender any remaining funds so held to the District whereupon any claim of whatever nature by the owners of such Bonds arising under the Bonds shall be made upon the District.

20. Invalid Provision. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision.

21. Conflicts of Interests. Pursuant to A.R.S. Section 38-511, the provisions of which are incorporated herein by reference, all parties are hereby given notice that this Agreement is subject to cancellation by the District if any person significantly involved in initiating, negotiating, securing, drafting, or creating the Contract on behalf of the District is, at any time while the Contract or any extension thereof is in effect, an employee or agent of any other party to the Contract in any capacity or consultant to any other party to the Contract with respect to the subject matter of the Contract.

SOARING EAGLE COUNTY
ROAD IMPROVEMENT DISTRICT

By: Marlin F. Gillespie
Chairman

ATTEST:

By: Sharon F. Jones-Wright

Bank One, Arizona, NA

By: _____

BNDREG. PAY/SOARING



FEE SCHEDULE

\$205,000
SOARING EAGLE COUNTY ROAD IMPROVEMENT DISTRICT NAVAJO
COUNTY, ARIZONA ROAD IMPROVEMENT BONDS 1994

REGISTRAR/PAYING AGENT FEE:

Initial Fee:	\$1.25 per bond or \$350 minimum
Bond Transfer:	\$3.00 per Bond \$5.00 per Legal Transfer
Annual Fee:	\$500
Extraordinary & Out-of-Pocket Expenses:	As Incurred

*It is our understanding that the transfer fee will be paid by the transferor.
Transfers received by us without the proper transfer fee will be rejected and
returned for the proper transfer fee.

SOARING EAGLE COUNTY ROAD IMPROVEMENT DISTRICT
NAVAJO COUNTY, ARIZONA

**CLOSING CERTIFICATE AND
CERTIFICATE AS TO ARBITRAGE**

The undersigned, the Chairman of the Board of Directors of Soaring Eagle County Road Improvement District, and the Clerk of the Soaring Eagle County Road Improvement District (the "District") DO HEREBY CERTIFY as follows:

1. That they are presently the duly qualified and acting Chairman and Clerk of the Soaring Eagle County Road Improvement District, and as such are familiar with the books and records of the District.

2. That the District is properly organized and that the undersigned are aware of no actions or omissions by the District or any third parties to defeat or void it or to reduce, infringe upon defeat or void its power to issue securities such as the bonds described herein.

3. That on the date hereof the following persons are the duly qualified and acting members of the Board of Directors of the District:

Marlin F. Gillespie	Chairman
David J. Tsosie	Member
Percy Deal	Member
Pete Shumway	Member
Larry A. Layton	Member

4. That on July 12, 1993, the Board of the District adopted Resolution No. 55-93 preliminarily adopting and approving plans, specifications and cost estimate, and declaring its intention to order improvements and to construct certain improvements within the District more fully described therein (the "Project"); and that the meeting of July 12, 1993 was duly called and held in accordance with law.

5. That on August 16, 1993, the Board of the District adopted a Resolution No. 67-93 Ordering Improvements and Approving the Diagram; and that the meeting of August 16, 1993 was duly called and held in accordance with law.

6. That on January 18, 1994, the Board of the District adopted Resolution No. 08-94 Tentatively Awarding a Contract for construction of the Project to Hatch Construction and Paving Inc.; and that the meeting of January 18, 1994 was duly called and held in accordance with law.

7. That on March 14, 1994, the Board of the District adopted Resolution No. ____-94 (the "Bond Resolution"): (i) authorizing the issuance of the District's \$150,000 Road Improvement Bonds of 1994 (the "Bonds") to finance the cost of improving and paving certain roads within the District

and the costs of issuance of the Bonds, (ii) authorizing the sale of the Bonds to _____ (the "Purchaser") at par less a discount of \$_____ plus accrued interest from July 1, 1994, to the date of delivery of the Bonds; (iii) approving the form of the Notice Inviting Proposals for the Purchase of Bonds, (iv) confirming the assessment and ratifying all proceedings, (v) authorizing the Chairman to sign the Closing Certificate and the Certificate as to Arbitrage, and (vi) ratifying the execution of the Construction Contract; and that the meeting of March 14, 1994 was duly called and held in accordance with law.

8. That the Resolutions referred to in paragraphs 4 through 7 above are in full force and effect and have not been altered, amended, repealed, revoked or rescinded as of the date hereof.

9. The Bonds have been duly executed by the original or facsimile signatures of the undersigned Chairman and Clerk, the facsimile signatures said Chairman and Clerk hereby adopt and ratify and hereby approve the signing of said Bonds thereby, said Bonds being dated February 1, 1994, maturing on January 1 in each of the years, in the principal amounts, and bearing interest at the rate _____ percent (____%) per annum, as set forth below:

MATURITY DATE	AMOUNT	MATURITY DATE	AMOUNT
January 1, 1995	\$10,000	January 1, 2000	\$15,000
January 1, 1996	\$10,000	January 1, 2001	\$15,000
January 1, 1997	\$10,000	January 1, 2002	\$20,000
January 1, 1998	\$15,000	January 1, 2003	\$20,000
January 1, 1999	\$15,000	January 1, 2004	\$20,000

10. That, in accordance with applicable law and the Bond Resolution, there may be duly prepared, executed by the Chairman and the Clerk, authenticated by the Bond Registrar, and delivered to the Purchaser, temporary bonds in the principal amount of not to exceed \$205,000 with interest and principal payable as provided in the Bond Resolution.

11. That the Bonds constitute the only Bonds or other obligations of the District in any manner secured by or payable from the special assessments levied by the District, pursuant to these proceedings or any proceedings held prior hereof, against the real property within the District. The District has not issued and does not expect to issue any obligations, other than the Bonds, which have been or will be: (i) issued at substantially the same time as the Bonds; (ii) sold pursuant to a plan of financing common to that of the Bonds; and (iii) paid out of substantially the same source of funds (or having substantially the same claim to be paid out of substantially the same source of funds) as the Bonds.

12. That the District has no rules of procedure which would invalidate or make ineffective any of the actions of the District referred to in paragraphs 4 through 11 above.

13. That, to the best of our knowledge, no member of the Board of Directors of the District, or any other officer, employee or agent of the District is interested (except in the performance of his official rights,

privileges, powers and duties) directly or indirectly in the profits of any contract or job for work or services to be performed pertaining to the issuance of the Bonds.

14. That, pursuant to the terms of the Bond Resolution, the proceeds from the sale of the Bonds are to be deposited with the Treasurer of the District in the account of the District.

15. That no litigation is pending or, to our knowledge, threatened which would restrain or enjoin the issuance and delivery of the Bonds, the levy or collection of the assessments pledged for the payment thereof or for the construction of the Project; or which would contest or affect the authority for the issuance of the Bonds, the levy or collection of the assessments, the construction of the Project, or the titles of the members of the Board of Directors or any of them to their offices.

16. The sale of the Bonds and the execution and delivery of the Official Statement and compliance with all provisions of each thereof by the District will not conflict with or constitute on the part of the District a violation or breach of, or default under any judgment, decree, law, statute, order, rule or regulation of any court or governmental agency or body having jurisdiction over the District or over any of its activities or properties, or, to the best of the undersigned's knowledge after due inquiry, any resolution, indenture, mortgage, deed of trust, note, loan agreement or other agreement or instrument to which the District is a party or by which it or its properties may be bound.

17. That at all times relevant hereto the District has complied with the provisions of Arizona Revised Statutes Section 38-431 et. seq., as amended, pertaining to the conduct of its meetings and the maintenance of the records thereof.

18. That the persons named below are on the date hereof the duly qualified and acting incumbents of the offices of the District set opposite their respective names and the signatures appearing at the right of their respective names are the genuine official signatures of said officers:

TITLE	NAME	SIGNATURE
Chairman	Marlin Gillespie	<u>Marlin J. Gillespie</u>
Clerk	Sharon Keene-Wright	<u>Sharon Keene-Wright</u>

19. The Bonds are being issued for the purpose of providing funds to be applied to the payment of (i) the costs of constructing certain improvements (the "Project") which Project was initiated by Resolution of Intention No. 55-93, adopted by the Board of Directors of the District on July 12, 1993, (ii) incidental expenses, including engineering, legal, and financial consulting fees, publishing and posting costs, costs incurred in making the assessments, and costs of inspection (the "Incidental Expenses") and, (iii) interest on the Bonds during the period of construction of the Project and for a period of approximately three months thereafter.

20. The Bonds are being delivered to the Purchaser thereof for an aggregate purchase price of \$150,000 plus accrued interest from February 1, 1994.

21. In accordance with the terms of the Bond Resolution, it is expected that the proceeds from the sale of the Bonds (exclusive of accrued interest which will be deposited in the Bond Fund as hereinafter defined) will be deposited in a special fund, along with all prepaid assessments received, with the Treasurer of Navajo County, the ex officio Treasurer of the District, and will be fully needed for and applied to the payment of costs of the Project and costs of issuance of the Bonds, as follows:

Construction	\$161,501.25
Contingency	\$ 6,498.75
Total Construction Costs	<hr/>

Incidentals:

Engineering	\$ 10,000.00
Legal and Bond Opinion	\$ 10,000.00
County Administration	<hr/>
Bond Registration and Printing	\$ 5,000.00
Financial Advisor	\$ 3,000.00
Reserve Fund	\$ 9,000.00

Total Incidentals:

TOTAL PROJECT COST	\$205,000.00
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22. It is expected that all of the proceeds from the sale of the Bonds, together with any interest earnings thereon, will be expended within one year from the date hereof to pay for part of the costs of construction of the Project and costs of issuance of the Bonds. Any proceeds from the sale of the Bonds which remain after the payment of such costs and expenses will be used to reduce the annual assessment installments.

23. The District has, prior to or on the date hereof, entered into a construction agreement with a third party for the construction of the Project involving the expenditure of at least 2 1/2% of that portion of the costs of the Project to be financed out of proceeds of the Bonds. The District certifies that it is a Small Governmental Unit as defined in the Internal Revenue Code of 1986 Section 148 (f)(4)(C) to wit:

i) it is a Governmental Unit with general taxing powers;

ii) no Bonds which are a part of this issue are private activity bonds as defined in the Internal Revenue Code of 1986 Section 141;

iii) 95 percent or more of the net proceeds of such issue are to be used for local governmental activities for issuer; and

iv) the aggregate face amount of all tax exempt bonds other than private activity bonds, issued by the District and all subordinate entities thereof during the calendar year in which this issue is issued is not reasonably expected to exceed \$5,000,000.00.

24. It is expected that construction and improvement of the Project will proceed with due diligence until completion thereof, which is expected to occur before June 1, 1994.

25. The Bonds are payable solely from assessments levied with respect to the real property within the District and it is not expected that any other source of funds will be available for or applied to payment of debt service on the Bonds. If any funded interest remains in the construction fund after completion of the construction of the Project, such funded interest shall be used to pay interest on the Bonds on the next succeeding interest date.

26. It is expected that payments of assessments will be applied to the payment of principal and interest on the Bonds thereof within thirteen (13) months of the date of receipt of such payments. The District does not have sufficient prior experience with these assessments as to which may be prepaid to have any expectation with respect to whether prepayments of assessments will be made prior to the maturity of the Bonds; provided, however, to the extent that there are prepayments of assessments which are sufficient to permit the investment thereof, such prepayments shall be invested only in investments having a yield no greater than the yield on the Bonds, as determined under Section 148 of the Internal Revenue Code of 1986, (the "Code"), unless the District shall have first received an opinion of nationally recognized bond counsel to the effect that such investment would not cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, or unless said amounts and activities are within the Exception for Small Governmental Units set forth in Section 148 (f)(4)(C) of the Code.

27. It is not expected that amounts on deposit in any fund or account held by the Treasurer under the Bond Resolution other than the Bond Fund will be used to pay debt service on the Bonds, except for all capitalized interest held in the Construction Fund.

28. The District has not been listed in the Internal Revenue Bulletin as an issuer whose certificate as to arbitrage may not be relied upon with respect to its own issues nor has it been advised that any such action is contemplated by the Commissioner of Internal Revenue.

29. This certification is being executed and delivered pursuant to the Code and applicable Treasury Regulations.

30. The Bonds are not and will not be part of a transaction or series of transactions that attempts to circumvent the provisions of Section 148 of the Code and the Treasury Regulations, (a) enabling the Issuer to exploit the difference between tax exempt and taxable interest rates to gain a material financial advantage and (b) increasing the burden on the market for tax exempt obligations.

31. The District covenants that it will not make or permit any use of the proceeds of the Bonds which if such use had been reasonably expected on the date of issuance of the Bonds, would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and applicable regulations promulgated thereunder, and further covenants that it will observe and not violate the requirements of Section 148 for the Code and any applicable regulations;

32. The District agrees that there shall be paid from time to time all amounts, if any, required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applied to the Bonds from time to time. The District agrees to engage qualified professional assistance to aid in analyzing and determining the continuing obligations, if any, of the District to rebate any arbitrage earnings in accordance with the Code and all appropriate regulations promulgated thereunder.

33. The District has covenanted that if at any time it is necessary to restrict or limit the yield on the investment of any money held by the District, the District shall take such action as may be necessary.

34. Nothing has come to the attention or perception of the undersigned that would lead the undersigned to believe that the portions of the Official Statement describing the Project, the Bonds, estimated sources and use of funds, and bondholders' risks are not correct in all material respects as defined by the laws of the State of Arizona and those of the United States. No facts have come to our attention which lead us to believe that the Official Statement contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

To the best of our information, knowledge and belief, the above expectations are reasonable.

IN WITNESS WHEREOF, the undersigned have hereunto set their official signatures this 29 day of March, 1994.

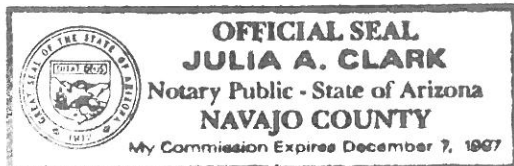
Marlin E. Gillispie
Chairman

Sharon E. Green-Wright
Clerk

STATE OF ARIZONA)
) ss
County of Navajo)

On this, the 14th day of Feb, 1994, before me, the undersigned Notary Public, personally appeared Marlin E. Gillispie and Sharon E. Green-Wright, who acknowledged themselves to the Chairman and Clerk, respectively, of the Soaring Eagle County Road Improvement District and that they, as such officers being authorized so to do, executed the foregoing.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.



Julia A. Clark
Notary Public

My Commission Expires:

12-7-97

CLOSCERT.RID/SOARING